



MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR 3RD QUARTER ENDED 30 SEPTEMBER 2014**



MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Revenue	12,307	13,485	35,052	41,363
Cost of sales	(6,427)	(7,287)	(18,228)	(23,197)
Gross profit	5,880	6,198	16,824	18,166
Other income	148	-	351	156
Depreciation and amortisation	(337)	(413)	(1,386)	(1,218)
Administrative expenses	(4,348)	(4,129)	(12,035)	(11,795)
Operating profit	1,343	1,656	3,754	5,309
Interest Income	8	243	147	691
Interest expense	(62)	(7)	(185)	(23)
Profit before tax	1,289	1,892	3,716	5,977
Tax expense	(400)	(165)	(768)	(471)
Profit for the period	889	1,727	2,948	5,506
Other Comprehensive Income, net of tax	-	-	-	-
Total Comprehensive Income for the period	889	1,727	2,948	5,506
Profit attributable to:				
Owners of the Company	890	1,731	2,959	5,512
Non-controlling interest	(1)	(4)	(11)	(6)
Profit for the period	889	1,727	2,948	5,506
Total Comprehensive Income attributable to:				
Owners of the Company	890	1,731	2,959	5,512
Non-controlling interest	(1)	(4)	(11)	(6)
Total Comprehensive Income for the period	889	1,727	2,948	5,506
Earnings per share (sen)				
- Basic	0.97	1.88	3.22	5.99
- Diluted	0.91	1.67	2.93	5.39

The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Report of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.



MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

	(Unaudited) As at 30.09.2014 RM'000	(Audited) As at 31.12.2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	49,793	23,641
Investment properties	324	327
Intangible assets	2,942	2,942
Other investment	450	450
	53,509	27,360
Current assets		
Inventories	23,426	22,608
Trade and other receivables	13,216	11,424
Tax recoverable	191	-
Fixed deposits with licensed banks	570	23,776
Cash and bank balances	4,561	12,050
	41,964	69,858
TOTAL ASSETS	95,473	97,218
EQUITY AND LIABILITIES		
Equity		
Share capital	46,000	46,000
Share premium	1,158	1,158
Revaluation reserves	2,653	2,653
Discount on shares	(13,340)	(13,340)
Warrant reserve	17,940	17,940
Retained profits	27,410	27,038
Shareholder's equity	81,821	81,449
Non-controlling interest	39	50
Total equity	81,860	81,499
Non-current liabilities		
Hire purchase payables	420	341
Term loan	3,758	3,997
Deferred taxation	1,303	1,239
	5,481	5,577
Current liabilities		
Trade and other payables	7,428	9,427
Hire purchase payables	138	201
Term loan	332	356
Current income taxes	234	158
	8,132	10,142
Total liabilities	13,613	15,719
TOTAL EQUITY AND LIABILITIES	95,473	97,218
Net assets per share (RM)	0.89	0.89

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Report of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.



MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

	Attributable to Equity Holders of the Company								Total Equity RM'000
	Non-Distributable					Distributable		Non-controlling interest RM'000	
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Discount On Warrants RM'000	Warrant Reserves RM'000	Retained Profits RM'000	Subtotal RM'000		
At 1 January 2014	46,000	1,158	2,653	(13,340)	17,940	27,038	81,449	50	81,499
<i>Other comprehensive income</i>	-	-	-	-	-	-	-	-	-
<i>Profit for the period</i>	-	-	-	-	-	2,959	2,959	(11)	2,948
<i>Negative goodwill</i>	-	-	-	-	-	173	173	-	173
Total comprehensive income for the period	-	-	-	-	-	3,132	3,132	(11)	3,121
<i>Contributions by and distributions to owners of the Company</i>									
<i>Dividends to owners of the Company</i>	-	-	-	-	-	(2,760)	(2,760)	-	(2,760)
Total transactions with owners of the Company	-	-	-	-	-	(2,760)	(2,760)	-	(2,760)
At 30 September 2014	46,000	1,158	2,653	(13,340)	17,940	27,410	81,821	39	81,860
At 1 January 2013	46,000	1,158	2,653	(13,340)	17,940	27,172	81,583	73	81,656
<i>Other comprehensive income</i>	-	-	-	-	-	-	-	-	-
<i>Profit / (loss) for the financial year</i>	-	-	-	-	-	5,512	5,512	(6)	5,506
Total comprehensive income for the period	-	-	-	-	-	5,512	5,512	(6)	5,506
<i>Contributions by and distributions to owners of the Company</i>									
<i>Dividends to owners of the Company</i>	-	-	-	-	-	(2,760)	(2,760)	-	(2,760)
Total transactions with owners of the Company	-	-	-	-	-	(2,760)	(2,760)	-	(2,760)
At 30 September 2013	46,000	1,158	2,653	(13,340)	17,940	29,924	84,335	67	84,402

The Unaudited Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Annual Report of the Group for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.



MUAR BAN LEE GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

	Current Year To-date	Preceding Year Corresponding Period
	30.09.2014 RM'000	30.09.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,716	5,977
Adjustments for non-cash items:		
Depreciation of property, plant and machinery	1,386	1,218
Impairment of goodwill	-	(6)
Interest expense	185	23
Interest income	(147)	(691)
Operating profit before working capital changes	5,140	6,521
Changes in working capital		
(Increase) in inventories	(818)	(2,309)
(Increase) / decrease in trade and other receivables	(1,792)	8,168
(Decrease) in trade and other payables	(1,999)	(5,513)
Cash generated from operations	531	6,867
Interest paid	(185)	(23)
Income tax paid	(883)	(810)
Net cash (used in) / generated from operating activities	(537)	6,034
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,548)	(7,120)
Acquisition of subsidiary, net of cash acquired	(24,750)	-
Interest income	147	691
Net cash used in investing activities	(27,151)	(6,429)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(204)	(161)
Proceed from hire purchase payables	220	100
Dividend paid	(2,760)	(2,760)
Repayment of term loan	(263)	4,450
Net cash (used in) / generated from financing activities	(3,007)	1,629
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(30,695)	1,234
Cash and cash equivalents at beginning of period	35,427	37,090
Cash and cash equivalents at end of period	4,732	38,324
Note: <u>Cash and Cash Equivalents at end of period</u>		
Cash and bank balances	4,561	12,939
Short term deposits with licensed banks	570	25,772
Fixed deposits pledged	(399)	(387)
	4,732	38,324

The Unaudited Condensed Statements of Cash Flows should be read in conjunction with the Annual Report of the Group for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.



A. EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL STATEMENTS

A1. BASIS OF PREPARATION

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirement of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

A2. CHANGES IN ACCOUNTING POLICIES

The audited financial statements of the Group for the year ended 31 December 2013 were prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards. The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2013.

A3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the preceding audited financial statements was not subject to any qualification.

A4. SEASONALITY OR CYCLICALITY FACTORS

The performance of the Group is generally not affected by any seasonal or cyclical factors.

A5. UNUSUAL ITEMS

During the financial period, MBL Plantation Sdn. Bhd. (“MBLP”), a subsidiary of the Company, had completed the acquisition of 100% equity interest in Sokor Gemilang Lalang Sdn. Bhd. (“SOKOR”). Upon completed acquisition, SOKOR become the subsidiary of the Group. SOKOR is an unlisted company incorporated in Malaysia and involved in oil palm plantation.

Detail of cash flow arising from acquisition is as follow:-

	RM'000
Property, plant and equipment	24,987
Liability - Deferred taxation	(64)
Fair value of assets acquired	<u>24,923</u>
Less: negative goodwill arise	<u>(173)</u>
Total purchase consideration and net cash outflow for acquisition	<u>24,750</u>



MUAR BAN LEE GROUP BERHAD (Company No. 753588-P)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2014**

A5. UNUSUAL ITEMS (continued)

Save as disclosed above, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

A6. CHANGES IN ESTIMATES

There were no changes in estimates amount that had a material effect for the current financial period under review.

A7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial period under review.

A8. DIVIDEND PAID

There were no dividends paid during the financial period under review.

A9. SEGMENTAL INFORMATION

Segmental reporting for the 9 months ended 30 September 2014

	Investment holding RM '000	Manufacturing RM '000	Plantation RM '000	Elimination RM '000	Consolidated RM '000
Revenue					
External sales	-	34,231	821	-	35,052
Inter-company transaction	-	644	-	(644)	-
Dividend income	2,760	-	-	(2,760)	-
	<u>2,760</u>	<u>34,875</u>	<u>821</u>	<u>(3,404)</u>	<u>35,052</u>
Segmental result	2,477	3,599	288	(2,610)	3,754
Finance costs					(185)
Interest income					147
Profit before tax					<u>3,716</u>
Taxation					<u>(768)</u>
Profit for the period					<u><u>2,948</u></u>



MUAR BAN LEE GROUP BERHAD (Company No. 753588-P)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2014**

A9. SEGMENTAL INFORMATION (continued)

Segmental reporting for the 9 months ended 30 September 2013.

	Investment holding RM '000	Manufacturing RM '000	Elimination RM '000	Consolidated RM '000
Revenue				
External sales	-	41,363	-	41,363
Inter-company transactions	-	1,175	(1,175)	-
Dividend income	2,000	-	(2,000)	-
	<u>2,000</u>	<u>42,538</u>	<u>(3,175)</u>	<u>41,363</u>
Segmental result	1,639	3,670	-	5,309
Finance costs				(23)
Interest income				<u>691</u>
Profit before tax				<u>5,977</u>
Taxation				<u>(471)</u>
Profit for the period				<u><u>5,506</u></u>

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation of property, plant and equipment for the financial period under review.

A11. MATERIAL SUBSEQUENT EVENTS

There were no material subsequent event in the financial period under review.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

As per announcement made on 13 February 2014, MBL Plantation Sdn. Bhd. ("MBLP"), a subsidiary of the Company, had completed the acquisition of 100% equity interest in Sokor Gemilang Lalang Sdn. Bhd. ("SOKOR") on the same date. Upon completed acquisition, SOKOR become the subsidiary of the Group. SOKOR is an unlisted company incorporated in Malaysia and involved in oil palm plantation.

Otherthan the above, there were no changes in the composition of the Group in the financial period under review.

A13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities and contingent assets in the financial period under review.



MUAR BAN LEE GROUP BERHAD (Company No. 753588-P)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2014**

A14. CAPITAL COMMITMENTS

As at the date of the reporting date, the capital expenditure approved and contracted for under the Group amounting to RM3,000,000.

A15. RELATED PARTY TRANSACTIONS

The related party transactions are secretarial fee for the subsidiary companies amounting to RM4,200 charged by Tan Commercial Management Services Sdn. Bhd. and of which one of the director has interest over the company and able to exercise control. Further, a rental fee of RM5,400 was paid to certain directors of which the directors owned the said property and have interest over the property and the transactions was entered into in the normal course of business.

A16. DISCLOSURE OF DERIVATIVES

There was no outstanding forward contract at the end of the quarter under review.

A17 GAIN/LOSS ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

There is no gain / loss arising from fair value changes of financial liabilities for the quarter ended 30 September 2014.



B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. REVIEW OF PERFORMANCE

	Individual Quarter (3 months ended)		Cumulative Quarter (9 months ended)	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Revenue	12,307	13,485	35,052	41,363
Profit before tax (PBT)	1,289	1,892	3,716	5,977

For the current quarter under review, the Group registered a revenue of RM12.31 million as compare with RM13.49 million registered in the preceding year's corresponding quarter. For plantation segment, revenue of RM0.82 million and profit before taxation of RM0.29 million. The lower revenue is mainly due to lower project sales generated during the quarter. Hence, the profit before tax was lower at RM1.29 million as compare with RM1.89 million recorded in the preceding year's corresponding quarter.

For the nine months period under review, the Group recorded a revenue and profit before tax of RM35.05 million and RM3.72 million as compare with RM41.36 million and RM5.98 million recorded in the preceding year's corresponding period. Similarly, the lower revenue and profit before tax was mainly attributable to lower project sales recorded in the current period.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

The Group's revenue for the current quarter was higher at RM12.31 million as compare with RM10.74 million registered in the immediate preceding quarter. It was mainly attributable to the higher spare parts sales in the current quarter. Profit before tax for the current quarter stood at RM1.29 million as compare to RM0.82 million recorded in the previous quarter.

B3. CURRENT YEAR PROSPECTS

The Group will remain focus on its core business of plants setup, sale of spare parts and ancillary equipment. More efforts and resources will be channeled to revitalize and increase Fresh Fruit Bunch (FFB) yield in the oil palm plantation. Barring any unforeseen circumstances, the Board of Directors is of the view that the Group will register satisfactory results for the financial year ending 31 December 2014.

B4. VARIANCE FROM PROFIT FORECAST

There is no profit forecast issued for the current financial period under review.



MUAR BAN LEE GROUP BERHAD (Company No. 753588-P)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2014**

B5. TAXATION

Taxation for the quarter and year to date comprises:

	Current Quarter Ended 30.09.2014 RM'000	Current Year To Date 30.09.2014 RM'000
Taxation		
- current year	400	768
	<u>400</u>	<u>768</u>

The effective tax rate of the Group is lower than the statutory tax rate mainly due to the availability of tax exemption granted under pioneer status to a subsidiary of the Company.

B6. SALE OF UNQUOTED INVESTMENT OR PROPERTIES

There was no sale of unquoted investments and properties for the financial period under review.

B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities for the financial period under review.

B8. STATUS OF CORPORATE PROPOSALS

There was no pending corporate proposals for the financial period under review.

B9. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 30 September 2014 are as follows:

	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Term Loan	332	3,758	4,090
Hire Purchase	138	420	558
TOTAL	<u>470</u>	<u>4,178</u>	<u>4,648</u>

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at the date of this report, the Group did not have any financial instruments with off balance sheet risks.



B11. MATERIAL LITIGATION

There was no material litigation for the current financial period to date.

B12. DIVIDEND DECLARED

The Board of Directors had declared that a first interim single tier dividend of 1 sen per share in respect of the financial year ended 31 December 2014 as per announcement made on 27 November 2014.

B13. EARNINGS PER SHARE

The earnings per share ("EPS") is calculated by dividing the profit for the financial year attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the financial year held by the Company calculated as follows:

	Current Quarter RM'000	Current Year to date RM'000
Profit attributable to ordinary shareholders of the Company	890	2,959
Number of ordinary shares ('000)	92,000	92,000
Basic EPS (sen)	0.97	3.22
Weighted average number of ordinary shares ('000)	98,281	100,862
Diluted EPS (sen)	0.91	2.93

B14. RELATED PARTY TRANSACTIONS

The related party transactions are secretarial fee for the subsidiary companies amounting to RM4,200 charged by Tan Commercial Management Services Sdn. Bhd. and of which one of the directors has interest over the company and able to exercise control. Further, a rental fee of RM5,400 was paid to certain directors of which the directors owned the said property and have interest over the property and the transactions was entered into in the normal course of business.



MUAR BAN LEE GROUP BERHAD (Company No. 753588-P)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2014**

B15. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of retained profit of the Group as at the reporting date, into realised and unrealised profits or losses, pursuant to the directive given by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), is as follows:

	Group RM'000
Total retained profits of the Company and its subsidiaries	
- Realised	84,467
- Unrealised	(1,303)
Less: Consolidation adjustments	(55,754)
Retained profits as per financial statement	<u>27,410</u>

B16. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 28 November 2014.

By Order of the Board

Lee Hong Lim (MIA 12949)
Company Secretary
Muar
28 November 2014